

Inner Mongolia Autonomous Region, PRC Trade Facilitation and Logistics Development Strategy

Special Case Study

Workshop on Trade Logistics
Development

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Inner Mongolia and Central Asia





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Introduction



Strategic Agenda for Implementation (8)

Institutional

1. **PRC/Western Development Program policy** to promote the development of modern logistics system and bilateral cooperation at the border cities and towns

Implementation and Amendments of Road Transport Agreements

Monitor China's Transports Internationaux Routiers (TIR) plans for accession

Infrastructure Network

2. **Improving Transport Networks and Corridors**
3. **Expansion of Existing Dry and Inland Ports**
Dry Ports: Erenhot and Ganqimaodao
Inland Ports: Jining, Baotou, Linhe
4. **Building Refrigerated Capacity-** public refrigerated warehouse (PRW) at Dry and Inland Ports
5. **Promoting Intermodalism-** Capacity and knowledge from rail to road to reduce congestion and increase the flow of commerce for more logistics enterprise development

Trade Regime and Human Resource Development

6. **Building Logistics and Transport Information Communications & Technologies (ICT)** connecting all stakeholders to increase efficiency, especially to rural areas
- **IMAR e-Port to “One Window”** system of interactivity
7. **Trade and Transport Facilitation**-Logistics/Trucking Industry organization, Customs and banking cooperation
8. **Logistics Human Resources Development**-training and certification to trucking and logistics companies to improve competitiveness, service offerings and innovation

Inner Mongolia Faces the World



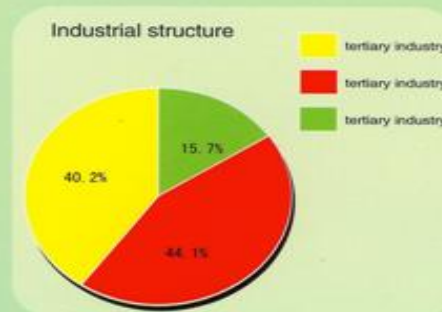
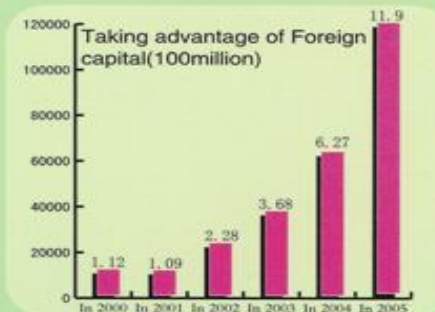
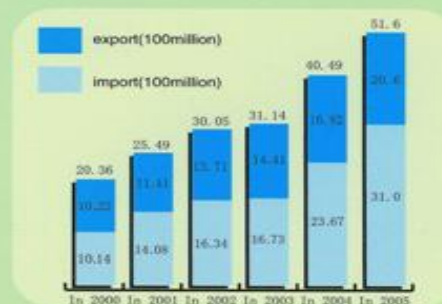
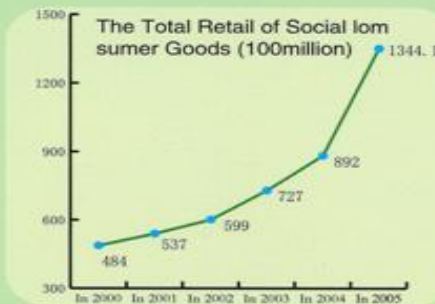
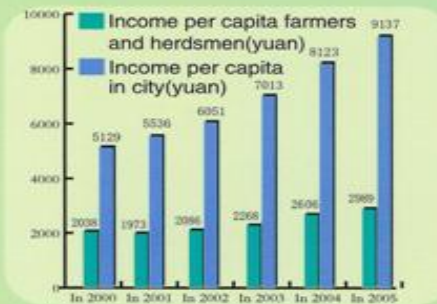
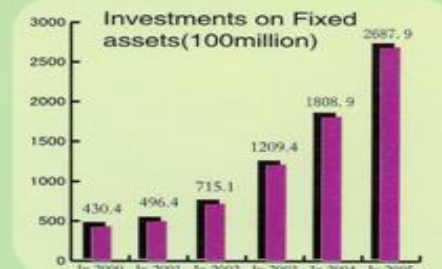
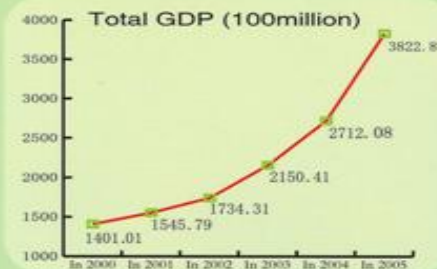
- International Trade: 2006 total of \$5.9 billion or **15% increase**
- China-Mongolia Trade: \$1.581 billion or **84% increase** of 2006
- Per capita: \$3, 300 (25,000CY)

- 2007 GDP: \$79.2 billion was **19%** over 2006 (601.6 billion CY)
- 2003-07 average annual increase of **26% in growth**



Source: People's Daily and China Statistical Yearbook

Economic Indicators Increasing (GDP, International Trade, Per Capita)



Grassland Economies and Mining



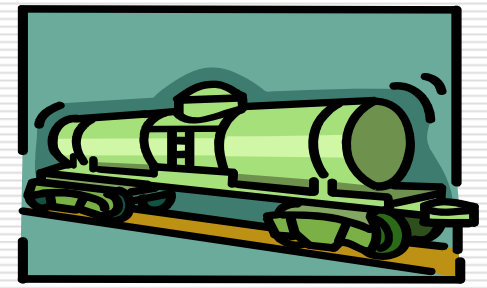
- Processed livestock
(meat, dairy, textiles-cashmere)

Agriculture Fruit/Vegetables

- Rare Earth metals, coal, chemicals

← Zinc factory, Inner Mongolia



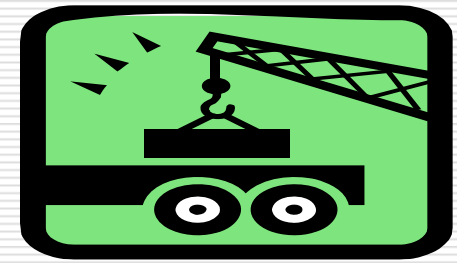


Infrastructure

- ❑ **Rail** -7,689 km of track for domestic and international shipments. Capacity problems of railways and rolling stock in key dry ports constrain logistics industry development

Trade Corridors & Logistics Development
enhanced by:

1.) Erlian-Jining double tracks by 2008.



Infrastructure

2.) Linhe - Ceke -Hami, Xinjiang line of 1450 km for copper and zinc factories

3.) Ganqimaodao-Jinquan Industrial Park line planned for Mongolia exports

4.) Asia-Europe Land Bridge 9,814 km.
from Hohhot, IMAR to Frankfurt, Germany

Newest Plans:

5.) Jining-Qinghuangdao/Tangshan line for coal

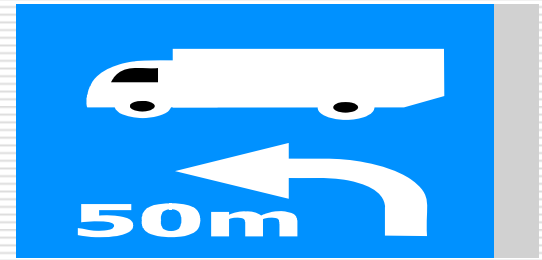
6.) Ganqimaodao Dry Port to Bayannaoer line

Source: Institute of Comprehensive Transportation of National Development and Reform Commission, Beijing

IMAR-Mongolia Border Delays



- Erlian-Zamyn Ud Border Crossing
- Mongolia-Russia
1.520 mm gauge
Chinese standard
1.435 mm gauge
- Car wheel/axle changes & Customs documentation delays



Infrastructure

□ Roads

- 79,030 km. for 510.2 million tons 2005 freight
- Tonnage is 130% over rail and average increase by 7.84% from 2000-05
- Dry Ports' roads upgraded in Erlianhot & Manzhouli to high class highways/expressways
- Asia Highway AH6 with National 301 Manzhouli-NE Asia and seaports



Infrastructure Expansion

- ❑ **Dry Ports**-Erlian and Manzhouli are international status for 12 months/yr.
 - Ganqimaodao and Ceke are seasonal in need of international agreement to upgrade status

Constraints: (a.) bonded warehouse facilities are poor for logistics industry development
(b.) Implementation of the bilateral road transport agreements

Infrastructure Expansion

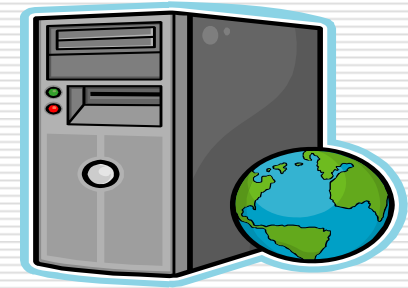
- **Inland Ports**-Jining, Hohhot, Baotou, Bayannao'er, Linhe

Constraints: (a.) Baotou Inland Container Terminal has poor railway access which impedes intermodal development and lacks refrigerated capacity.

(b.) Linhe logistics centers need development/refrigerated capacity and better organization of the trucking industry to offer more value added logistics services



Trade Regime



☐ Information Systems

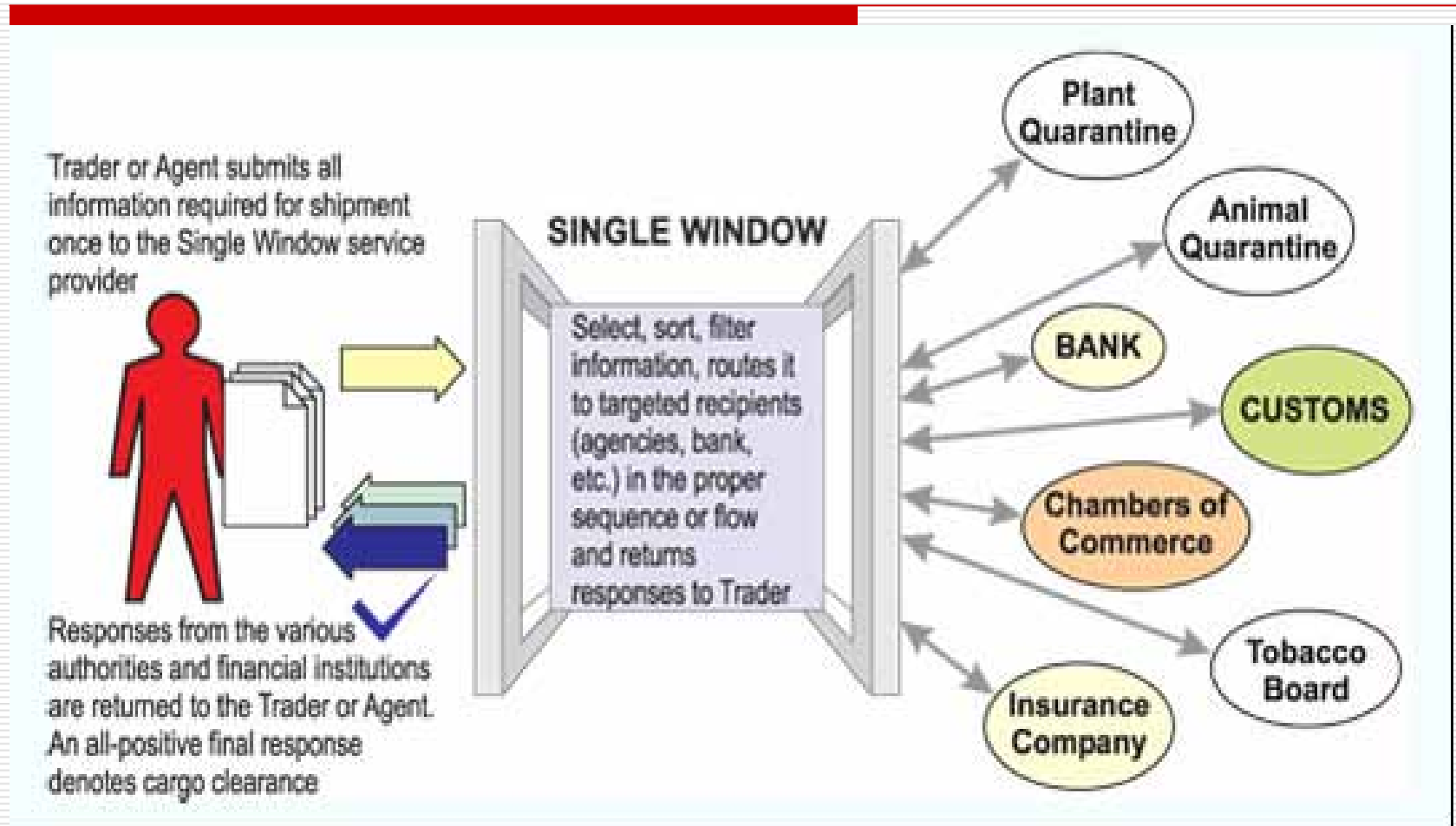
- Since 2006, modernization of ICT

- **e-Port** system to “**Single Window**”

- Improvements will facilitate and grow trade across borders and internationally

- ICT initiatives in Bayannao'er, Tongliao, Xinlinguole, Baotou and the Mongolia-IMAR network plan

IMAR e-Port to “One Window” and “Golden Customs Project”



Trade Regime



❑ Refrigerated Capacity

- lacking: warehouses, reefers, and training impedes the economy and logistics

- Fruit, vegetables, meat, dairy, food catering impacted

- Jining: 25,000 ton cooling warehouse

Tomato Farmers Wait to Deliver



Refrigerated Container Equipment



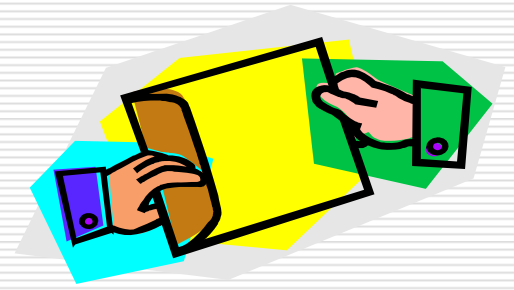
- Tianjin seaport refrigerated containers and plug capacity

- Required with training for Dry & Inland Ports



Trade Regime

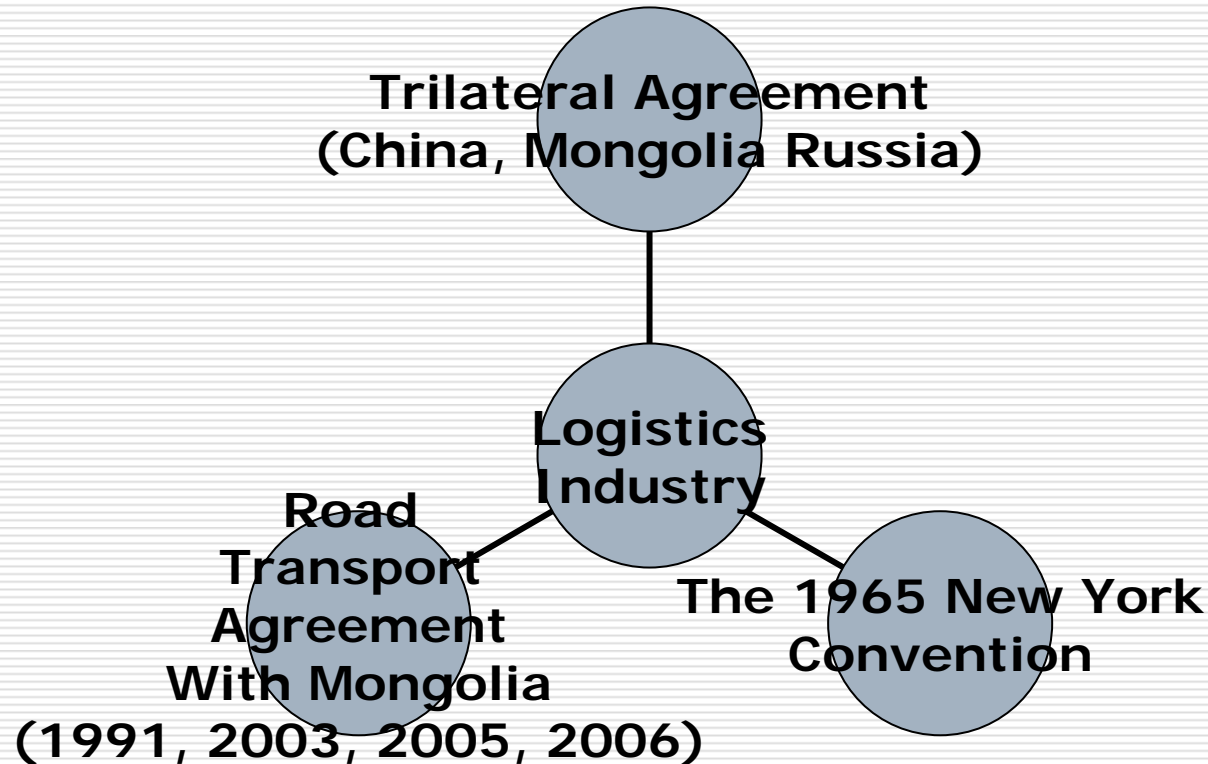
- ❑ **Customs** (70% Russia Transit cargo)
 - Bilateral delays caused by inspections, documentation, information systems
 - Stolen Goods in Zamyn Uud
 - China-Mongolia Customs Cooperation Expert Group* for issues



Institutional

- Road Transport Agreements with Mongolia (1991, 2003, 2005, 2006)
 - Needs implementation and renegotiations to amend to allow trucks to cross the borders to logistics centers and for third country freight status at Ganqimaodao
 - Mongolia assistance to China on TIR accession and implementation

International Border Agreements





Transports Internationaux Routiers

- Customs formalities in destination country not at borders (TIR Carnets)
- Reduces delays (costs) at borders for bilateral and through transit which develops intermodalism and the logistics industry
- Mongolia acceded to the TIR system in June, 2003
Russia is a member of the TIR Convention
China is reviewing the various conventions



Source: IRU website

Conclusions-

IMAR Logistics Industry and Recommendations for Implementation

The economic growth in IMAR is causing stress on the transport and logistics infrastructure which needs both expansion plans and trade regime improvements to cope with the rising demand and foster development of logistics enterprises to modern standards

Strategic Agenda Recommendations (8)

1. **Legal Framework**-Central and local governments meet more often to review and amend the road transport agreements to eliminate disputes on truck crossings

Strategic Agenda Recommendations

2. **Improving Transport Networks and Corridors-** Continue to prioritize rail and road needs and seek public-private partnerships to finance (USA Intermodal Surface Transportation Efficiency Act, Private Equity)
3. **Expansion at Dry and Inland Ports-** Prioritize needs at the main dry and inland ports and make short-medium-long term plans to implement with concessioning scenarios (USA Trade Corridors example)
4. **Building Refrigerated Capacity-** Execute a market demand study to determine the locations of public refrigerated warehouses based on industries and include education

Strategic Agenda Recommendations

5. **Promoting Intermodalism**-Select one or two dry ports to develop a modern intermodal center with required equipment

6. **Building Information and Communication Technologies**
 - (a.) Expand and modernize the e-Port system and “Single Window” systems (“One Window”)
 - (b.) Strengthen the IMAR-Mongolia Network started by the Chambers of Commerce
 - (c.) Assist the IMAR Information Office, Hohhot in the various information system plans from public and private sector initiatives

Strategic Agenda Recommendations

7. Trade and Transport Facilitation

- Institute local and provincial trucking, logistics and supply chain councils for information sharing
- Construct a registration and certification system for trucking and logistics companies
- Provide an open forum for the *China-Mongolia Customs Cooperation Expert Group* or at least monitor progress for change

Strategic Agenda Recommendations

8. **Logistics Human Resource Development**

- Continue to expand and upgrade the “One Window” and e-Port to display information and provide on-line training programs. Seek assistance on structuring programs from FIATA and the World Bank/UN Global Trade and Transportation Facilitation (www.gttaf.org)

- Inquire with the United States’ based “Cochran Program” for refrigerated logistics training

Questions and Answers

Thank You

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